



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

November 26, 2010

Michael F. Childers, Treasurer
Democratic Party of Wisconsin
110 King St.
Suite 203
Madison, WI 53703

Response Due Date:
January 3, 2011

Identification Number: C00019331

Reference: Amended August Monthly Report (7/1/10 – 7/31/10), received 9/19/10

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 3 items:

1. Schedule A of your report discloses a receipt(s) of \$20,000.00 from the "Democratic Party of Wisconsin- State Account". Please clarify whether this transfer(s) is from an account maintained by your committee for non-federal activity. If so, be advised that such a transfer is prohibited by 11 CFR §102.5(a)(1)(i) and the full amount of the transfer(s) should be returned to the non-federal account. Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for the transfer-out. In addition, the transfer-out should be disclosed on Schedule B supporting Line 22 of your next report.

If this transaction represents an "internal transfer" of funds from one federal account to another, and the source(s) of such funds has been identified in previous reports of receipts and disbursements, please note that such transfers should not be itemized as doing so inflates total receipts and cash on hand. If this is the case, please amend your report accordingly.

Although the Commission may take further legal action regarding the acceptance of funds from a non-federal account, your prompt transfer-out of the impermissible funds or clarification of the transaction, will be taken into consideration.

10030500520

2. Schedule D supporting Line 10 of the Summary Page discloses debts owed to your non-federal account totaling \$20,000.00. 11 CFR §§106.6 and 106.7 requires that all shared expenses be paid from the federal account and allows the non-federal account to transfer-in its share of the expense no more than 10 days before or 60 days after payment by the federal account.

The outstanding debt owed to your non-federal account must be paid immediately, as it represents a subsidization of federal activity by your non-federal account. Such activity is a violation of 11 CFR §102.5.

Although the Commission may take further legal steps concerning this prohibited activity, your prompt payment of the debt will be taken into consideration.

3. Schedule H6 supporting Line 30(a) of your report discloses a payment(s) for "Payroll- see memo." Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity or activities in connection with a Federal election must not be allocated between or among federal, non-federal and Levin accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the category of compensated time.

Please clarify whether this activity is for employees who spent 25% or less of their time during the month(s) referenced above on FEA or activities in connection with a Federal election. If this is not the case, any reimbursement from your committee's non-federal or Levin account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding this improper allocation activity, your prompt action will be taken into consideration.

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

10030500521

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1143.

Sincerely,



Kaitlin Eger

Senior Campaign Finance Analyst
Reports Analysis Division

315

10030500522